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IS JAPANESE COMPETITION A MYTH?

BY THE HON. ROBERT P. PORTER.

WHAT is Japanese progress and Japanese competition? You hear the question asked on all sides since the war with China, and the answers take as wide a range as the accounts of eyewitnesses of the battles and sieges of the conflict itself. Some say there is nothing in Japanese competition; that it is but a new bogie of the American Protectionist, stuffed with straw on the Pacific Coast, and carried eastward to terrify the American artisan, and induce him to come into line for the Republican ticket next fall. There are others who say that this Japanese, or, rather Asiatic, competition scare has its origin in London; that it was set agoing there by the Manchester bimetallists, who believe the cotton mills of India, of China, and of Japan are going to rob England of 400,000,000 Asiatic customers for its cotton yarns and cotton cloth; that the object of the scare is to induce the British government to adopt a more liberal policy on the silver question, and thereby take away the protection which these silver-using countries practically have against the gold-standard countries of Europe.

There are yet others who, having no definite facts to guide them, have reserved all opinions on the subject until inquiry into existing facts can be made and the truth established. In the United States little attention has been given the question except by representatives of branches of business that have suddenly been confronted with a competition from Japan that has thrown all calculations to the winds and for the moment paralyzed prosperous industry. So far these incidents have been confined, as I shall show, to the textile trades and to some special manufactures, such as floor matting, hempen and jute rugs, umbrellas, matches, brushes, especially tooth-brushes, some lines of porcelain and

earthenware, straw plaits and braids, paper of various kinds, and other miscellaneous articles. It is not so much the quantities of these articles exported to the United States that has given alarm, but the sudden manner in which the Japanese have, metaphorically speaking, thrown their hats into the American market, and challenged our labor and capital with goods which, for excellence and cheapness, seem for the moment to defy competition, even with the latest labor-saving appliances at hand.

Those who have any doubt as to the reality of Japanese competition should glance at the windows of our leading carpet and upholstery establishments. There they will find, during these summer months, large quantities and infinite variety of cool-looking mattings and blue and white cotton rugs from Japan. A reference to the advertising columns of newspapers in the leading cities shows that these goods have been the specialties of the season and have been sold in enormous quantities. During this same season, whole windows in our popular drygoods houses have been devoted to most attractive Japanese cotton crapes, in colors as delicate as rainbow hues, at ten and twelve cents per yard. The silk departments of the same stores exhibit a tempting array of their summer silks, or *habutai*, as it is called in Japan, at such phenomenally low prices that the American silk manufacturer is pushed out of the market. In the early days of missionary work, the good Mrs. Jellybys used to hem moral pocket handkerchiefs for the little heathen. To-day the heathen Japanese have turned the tables on the Christian nations and cornered the world's market for silk handkerchiefs, exporting within the last few years 100,000,000 of these useful articles. Look at that big pile of tooth-brushes in the window of the corner drug store. Sometimes they are sold for ten cents each, sometimes given away with a twenty-five cent box of toothpowder. These brushes are made in Japan. An Osaka firm offered me the product of their factories for \$1.50 (gold) per gross. At this price some of our enterprising metropolitan newspapers will soon be offering a brand-new tooth-brush free with every copy of their morning journals. Five dollars gold will purchase a gross of hair-brushes, and I obtained samples of an infinite variety of nail-brushes and shaving-brushes at prices equally low. It may be urged that the quality of these cheap goods is poor. That is true, but the Japanese, while making at this price, are also

making at \$8 gold per gross a superior grade of tooth-brush for which we pay forty and fifty cents apiece at a fashionable drug store.

But what of all this? Suppose we admit the facts, the articles mentioned are small, and the total not so very large when compared with our total importations from abroad. To be sure, the articles are comparatively unimportant, but they are staple. Matches are a small article, but last year Japan exported, mostly to China, nearly five million dollars' worth, and this year her export of this small article will probably exceed that figure. Their safety matches can be bought for fourteen silver dollars, or, say, \$7.50 gold for 7,200 boxes. Can Sweden compete at this price? Can the United States? It is doubtful.

Viewed as a whole, the foreign trade of Japan is not inconsequential. An increase of \$30,000,000 of commerce in 1895 over 1894 is no small item for a country like Japan. The total exports and imports, including bullion, reached \$296,000,000 in silver in 1895, and will exceed those figures this year. That we may know the exact bearing of this increased trade on American manufactures and labor, I have prepared a table giving the increase in the export of certain commodities from Japan between 1885 and 1895. It may be studied with profit by those interested, for it tells the story just as it is, and when that is done, the reader may arrive at his own conclusion:

TOTAL COMMERCE OF JAPAN, 1885 AND 1895.

Total exports and imports, 1895.....	\$296,000,000
1885.....	77,300,000
Increase.....	\$218,700,000

This would seem to be a fairly gratifying increase—about threefold.

In the following table I have endeavored to group some of the more striking individual increases in the export trade of Japan for the period under discussion:

	1885. Value in Silver Dollars.	1895.
Export of textiles of all kinds.....	\$511,990	\$23,177,626
Raw silk.....	14,473,396	50,928,440
Grains and provisions.....	4,514,843	12,723,771
Metal goods....	2,112,997	6,538,220
Drugs, including sulphur and camphor.....	1,089,513	3,078,357
Books and paper.....	150,032	488,358
Tea.....	6,854,120	8,879,242
Matches.....	60,565	4,672,861
Straw braids.....(no record of any)		1,387,643
Matting.....	935	3,461,369
Umbrellas (European).....	1,765	735,207
Porcelain curios and sundries.....	2,786,876	11,624,701

Within the last few months I have visited the districts in Japan and inspected the industries reported in the above table. The increase in the exports of textiles, which was over forty-fold in ten years, is due to the fact that Japan is a nation of weavers. The returns of 1895 show over one million weavers. Women weave in Japan as women sew with us. It is no exaggeration to say that in nearly every house in rural Japan the spinning wheel and loom are kept going from morning till night. It is impossible to gauge the capacity of these people in this industry by the present production. In some of the silk districts, I found modern machinery and even regularly equipped mills, employing from five hundred to a thousand hands.. As a rule, the factories range from 40 to 120 hands, with the products of thousands of houses with single looms to draw from for the demand. In Fukui, the most important exporting district, the greater part of the weaving is done in the homes, though the establishment of finishing houses makes it possible for the weaver to secure a uniformity of finish that the old method precluded. The exports of all grades of silk goods from Japan will be largely increased in the next decade, and this fact has been recognized by the French, who propose to put a duty on Japanese *habutai*. Nor will the conflict be confined to *habutai* alone, for the Japanese are awake to the fact that France leads the world in the originality and beauty of her textile designs. They have in the Kyoto district reproduced her moire antique with success. The splendid silk stuff they are making for furniture covering may be seen in the brilliant effects of the French renaissance.

The Japanese are making every preparation, by the formation of guilds and associations, to improve the quality and increase the uniformity of their goods. It is well to note in this connection that while Japan has stimulated its exports of the manufactured article, it has enormously increased the production and export of raw silk. This has been done by the introduction of new methods and a more scientific treatment of the silkworm and the filature. I visited in Japan filature establishments equal to any I saw in France ten years ago when investigating the silk industry of that country. In the Fukui district the first silk *habutai* was manufactured in 1888, an aggregation of about \$50,000. Last year this district produced \$6,076,220 worth, and the present year, I am told, the output will be still larger.

In the spinning of cotton and the manufacture of cotton cloth, a still more phenomenal progress is noted, though not shown in the above table. The export of cotton cloth from Japan probably does not exceed \$5,000,000, but it supplies a large and increasing home demand. Last year the value of the silk and cotton cloth produced in Japan, including such important articles as kimono stuff and obi fabric, was \$71,350,747. Cotton spinning in 1889 gave employment to only 5,394 women and 2,539 men. In 1895, over 30,000 women and 10,000 men were employed in mills that for equipment and output are equal to those of any country. The future *situs* of the cotton industry, at least to supply the Asiatic trade, is bound to be in China and Japan. England is doomed so far as this trade is concerned and nothing can save her—not even bimetallism, as some imagine. Cotton mills are going up rapidly, both in Osaka and Shanghai, and only actual experience for a period of years will demonstrate which of these locations is the better. My own judgment, after a close examination of every item in the cost of production, is Japan. In this contest for the cotton trade of Asia, the United States must supply more and more of the raw cotton. The improvement in the number of the yarn spun and in the quality of the cloth woven simply means a larger proportion of American cotton. Two new lines of Japanese steamships have been projected this year, and these ships are to run between the United States and Japan. While Osaka is the center of the cotton-yarn industry, the flourishing city of Nagoya is the center of cotton-cloth manufacture. Here I found several mills turning out a great variety of goods, mostly for home consumption. The export of \$50,000,000 of cotton cloth to China and Korea will be no great achievement for Japan before the close of the century.

The district of Japan best worth studying from an industrial point of view is undoubtedly that around the Bay of Osaka, including the cities of Hyogo, Kyoto, and Osaka, and aggregating a population of 3,750,000. Here the mighty city growing up at the head of the Inland Seas can draw its supply of cheap labor. Within a hundred miles north and south, Osaka and the great commercial port of Kobe have a population of over 16,000,000, and within this radius may be found (excepting Tokyo and Yokohama) all the large cities of Japan. Cross the bay, only sixty miles away, and you have the island of Shikoku with 3,000,-

000 more. Here is a tributary population greater than that around London, and compared with which New York and its environments seem a thinly settled district and Chicago an unsettled area. From this center of industrial energy, Japan has a splendid outlet through the Inland Seas, and can supply China, now open to commerce and manufactures, rapidly developing Korea and Formosa, which the Japanese are now civilizing, and when the great Siberian railroad is completed, Osaka can send its goods direct to London from Vladivostok by a water journey of a few days. Surely the possibilities of New Japan are full of hope and forecast future prosperity for the Empire.

Should Japan take up the manufacture of woolen and worsted goods as she has done cotton, her weavers could give Europe and America some surprises and dumfound those who claim there is nothing in Japanese competition. A constant supply of cheap wool from Australia makes it possible, while the samples of Japanese woolen and worsted cloth and dress goods which I examined while there indicate that in this branch of textiles the Japanese are as much at home as in silk and cotton. They are also doing good work in fine linens, though so far the quantities produced are small.

In the rug district of Sakaye and the matting district of Okayama, the schools are depopulated to find children for these industries. The wages of the tiny mites thus employed are as low as two sen, about equivalent to one cent, per day, and sometimes range as high as three cents. The pay for adults of both sexes in these districts and in all the textile trades rarely exceeds ten cents American money. For this sum a Japanese can live, from his point of view, quite comfortably. The export of these articles from Japan in 1893 was \$2,115,330; 1894, \$3,199,565; in 1895, \$5,079,271. Both of these industries will quadruple before 1900. The sudden influx of the Japanese umbrella, something like 2,000,000 exported in 1894, has caused anxiety among umbrella makers in the United States, though at present most of the product goes to China. These are some of the facts that point to the importance of Japanese competition. There is no necessity for making it a political question, but there seems to me at least to be a great necessity for a full and proper understanding of the changes going on in both Japan and China by reason of the introduction of modern appliances into countries where labor is so cheap,

and the environments of labor and cost of living so different from those which we confront at home in the United States.

The object of this article is not to prove any theory, but to lay before the intelligent people of the country the facts in relation to this controversy, so that they may form their own judgment. The question of "pauper labor" does not enter here, because with the exception of the employment of children, which is wrong, and the fact that Japan has no factory laws, laborers of both sexes seem well fed, happy and content with their environments. While it is not claimed that the Japanese are really competitors of the United States, it is claimed that these facts indicate that they might prove serious competitors in certain branches of industry. There are enthusiasts, who, for the sake of a theory, seem ever ready to brush to one side the facts. For instance, our United States Minister to Japan, Hon. Edwin Dun, a resident of Tokyo for twenty-five years, hastens to assure the American public that this talk of Japanese competition is all moonshine. The new minister from Japan to this country, Hon. Hoshi Toru, immediately on his arrival, gives out similar information for consumption on this side the Pacific. Every person interested in swelling the exports from Japan to this country declares with equal vehemence that Japanese competition is a myth. There has also been of late a great deal of talk emanating from these same gentlemen about increasing American trade with Japan. What does it all amount to? Simply an enormous increase of Japanese trade with the United States. This tells the story:

IMPORTS FROM UNITED STATES TO JAPAN, 1895.

Kerosene oil.....	\$3,039,254
Raw cotton.....	2,338,177
Hides and leather.....	787,300
Flour.....	406,000
Total.....	<hr/> \$6,570,731
Total imports.....	9,271,911
Deduct the staple imports from total.....	6,570,731
Our miscellaneous trade with Japan.....	<hr/> \$2,701,180
Against this we purchased of Japan last year.....	<hr/> \$53,991,625

The problem briefly stated in round figures is this: We buy of Japan about \$54,000,000 worth of goods; Japan buys of us \$9,000,000, mostly staples; Japan takes our fifty-four millions

and buys \$56,000,000 of England, and England, not to be outdone by Japan in generosity, buys about seven millions of that country. All this is sad, and discouraging and humiliating, I know, but it is true as the gospel. That it is true, would seem to me one reason why the people of the United States must look at the question of Japanese competition free from all sentimental considerations. In other words, we must protect our own industry and our own labor. The importer, who seems to "run the show" to suit himself, secures a slice of the cake coming and going. He is as ready to buy of England as to sell to the United States—for a consideration. The question of home production, the employment of labor, or wages paid is of no consequence to him. In full possession of a good thing, he would indeed be foolish to make much of it. So he and his friends drag the red herring over the trail, as it were, by talking of bicycle shops turning out "ten wiggly-wobbly looking wheels per month"; of lucifer match factories, manufacturing "unstriokable matches"; of a "handful of floor mats," a few "sample tooth-brushes" and "jute rugs"; and, when all else fails, they start the cry of "political boojums" for the Presidential year.

Meantime, as we have seen, Japanese foreign trade has leaped up to three hundred million dollars, and the Empire has become an element well worthy of consideration, both in Europe and America, in connection with industrial and commercial matters.

While the foreign importers of Yokohama or Kobe (principally Englishmen), who do four-fifths of the business for the Japanese producer, industriously spread the notion that Japanese competition and Japanese industrial progress are twin myths, or bogies of the politicians and labor leaders in the United States and of bimetallists in England, the esteemed Japanese at home, with the seriousness which characterizes the race, indulge in very different reflections in relation to their progress. When in Japan I had the pleasure of meeting, among other statesmen and officials, Mr. Kaneko, Vice-Minister of Agriculture and Commerce. I found him a man of intelligence and foresight, and of wide experience in economical and statistical matters. Educated in one of the great European universities, he is up to the spirit of the age in all that relates to Japan and her industrial and commercial future. I am indebted to Mr. Kaneko's department for

many valuable reports. Any utterances of his should carry special weight. During the last two weeks of my stay in Japan Mr. Kaneko was engaged in a personal inspection of the manufactures and industries of Japan. He visited the same districts I visited during my stay there. In a speech addressed to a meeting of representatives of Chambers of Commerce throughout the Empire, held in May in Hakata, Fukuoka, Mr. Kaneko said :

"Japan is possessed of qualifications admirably fitted for making her a country of manufactures. Her population is comparatively large and labor is cheap.

"The Japanese are gifted with powerful eyes, hands and brains, and the Americans are terror-stricken at this.

"The cotton spinners of Manchester are known to have said that while the Anglo-Saxons had passed through three generations before they became clever and apt hands for the spinning of cotton, the Japanese have acquired the necessary skill in this industry in ten years' time, and have now advanced to a stage where they surpass the Manchester people in skill.

"The Japanese are unrivalled in the world for cleverness, and their future is truly awe-inspiring to contemplate."

"Furthermore," added Mr. Kaneko, "the position of Japan is very convenient for the purpose of importing raw cotton from China and India and wool and other raw materials from Australia. This country is naturally adapted to manufactures, and a wonderful advancement has been made in late years in respect to cotton spinning, weaving, and paper manufacturing. We have also begun to make excellent blankets.

"On account of Japan being a volcanic country, good sulphuric acid can be procured, the acid imported from China and India having been totally supplanted by the home product in the local markets.

"Englishmen have felt considerable uneasiness on seeing the prosperous state of business at Kawaguchi, Osaka. This is not my own personal opinion, but I have actually heard so from foreigners who have visited Japan for the purpose of inspecting trade. A commissioner recently sent out by merchants and manufacturers of Manchester was astonished at the development of the industries of Japan. On one occasion this gentleman visited the Department of Agriculture and Commerce, and remarked that he did not expect this country to be so abundant in raw materials. He was surprised at the skill shown in weaving, and saw excellent blankets being made at Omori from old rags.

"If the Japanese are so clever in utilizing useless materials for manufacturing useful articles, foreigners will be at a loss what to do in competing with the Japanese when the island is thrown open to them."

This will be done before the end of the present century.

To sustain the Vice-Minister of Agriculture, I quote from a recently published report of the Japanese Consul at Montreal, Mr. T. Nosse :

"Now, returning to the subject we have started with, viz., the articles we can supply the foreign market, I may repeat that it is a grievous mis-

take to suppose that Japan can offer nothing but fancy goods, at fancy prices. Yes, sir, it is a great mistake, for we are now out in the world's market for staple goods. Take, for instance, our silk handkerchiefs. They used to be bought and sold just for the sake of their oddity, or of the fancy embroideries on them ; but now they are used and admired for their cheapness, durability, and comfort above all, which cannot be approached by any other material.

"And then our silk piece goods—they were at first exported only for fancy purposes, but now they bid fair with European products as staple dress goods. I have been through some of the great establishments in this city, and what I have seen in these places is evidence to prove that ours can compete with the French goods, both in design, price, and popularity. Jute and rug carpets there on exhibition are no fancy goods at fancy prices, but are just the sort of useful homestead articles to remain in public favor always."

When Mr. Kaneko tells his friends of the United Chamber of Commerce at Hakata that "the Americans are terror-stricken," I have no doubt he had some of the facts I have presented in mind. An increase in this period of over forty-fold in the exports of textile goods I must confess is rather disturbing, especially to our silk industry, now partially protected by an *ad valorem* instead of specific duty. When Mr. Kaneko modestly attributes to an Englishman the statement that the Japanese spinners and weavers surpass those of Manchester, he simply gives utterance to an indisputable truth. When he furthermore says, "The Japanese are unrivalled in the world for cleverness and their future is truly awe-inspiring to contemplate," he undoubtedly has in mind the figures presented above from his own department, showing that ten years ago the value of the exports of matches was about \$60,000, whereas this year they will reach a value of \$5,000,000 ; that the sum of \$935 in 1885 would have bought all the floor matting sent from Japan, while last year the exports aggregated \$3,461,369 ; that last year 2,000,000 European umbrellas were sent into the world's markets, valued at about \$750,000, against \$1,765 worth in 1885 ; that Sakaye cotton and hemp rugs are making similar headway. Perhaps Mr. Kaneko may be a little impetuous in his expressions, but he is nearer the truth than those who make a business of belittling this remarkable industrial progress and deriding Japanese competition.

Nor does the case of Japanese industrial progress rest on any one's opinion. It is best studied by a glance at the facts. The following figures, which are from official sources, show that

Japanese commerce and industrial enterprise were greatly developed after the war. Here we have it :

(1) RAILWAYS.

	No. of Companies.	Capital, Silver Dollars.
Railroad companies having permission of Government to build.....	80	\$141,953,000
Railroad companies projected.....	125	202,006,000
	205	\$343,959,000
Electric and horse cars.....	34	20,249,000
	239	\$364,208,000

(2) BANKS.

	No. of Banks.	Capital.
Increased funds.....	46	\$18,435,000
Newly established.....	132	89,560,000
	178	\$107,995,000

(3) INDUSTRY.

	No. of Es- tablishments.	Capital.
Cotton mills.....	49	\$29,582,000
Silk mills.....	24	10,295,000
Weaving factories.....	19	9,425,000
Mining and metallurgical companies.....	22	8,185,000
Electric works.....	15	11,620,000
Other industrial works.....	58	17,489,000
	187	\$86,596,000

(4) COMMERCE.

	No. of Companies.	Capital.
Insurance works.....	14	\$22,600,000
Exchanges.....	26	6,240,000
Trades.....	11	8,376,000
Navigation and ship-building.....	28	14,275,000
Other commercial enterprises.....	47	12,156,000
	126	\$63,647,000
Total	730	\$622,446,000

There are other signs of commercial and industrial progress, but the above is condensed and striking. The large cities of Japan I found filled with industrial energy, while in the country districts through which I traveled the click of the shuttle and the whir of the spinning wheel may be heard in almost every cottage. Manufacturing seems to run right along the lines of agriculture. The mulberry tree, the silkworm, the filature, the spun thread, the woven cloth, the dyeing and the finishing of *habutai*, handkerchiefs, and crapes are not infrequently combined in one establishment. The background of real handicraft, with labor so cheap and so industrious as in Japan, carried on in the country districts, will be hard to beat, especially when aided by the latest modern machinery.

Japan has an industrial army that has gone into the conflict of nations with whatever implement it had at hand. It has not waited until every man was equipped with the latest modern appliances, but has begun making excellent articles with the tools within its reach. In Osaka, it is no exaggeration to say, I saw the methods of a thousand years ago, side by side with the latest and most ingenious labor-saving devices. The quotations from the Rice Exchange were being waved by flags from peak to peak, within a stone's throw of the Post Office Building, where could be heard the click of the telegraph instruments, and the "hello" of the telephone girl in her *kimono*. In the magnificently equipped cotton-spinning and weaving factories, in paper mills, in some of the large silk factories, in the clock and watch factories, in the machine shops of Japan, I have seen the most modern English, German, and American machinery, and forces of men and women as thoroughly organized and as fully equipped as any on earth.

On the other hand, within the shadow of these immense establishments in the Osaka district, where tall chimneys remind one of Manchester, Philadelphia, and Chicago, thousands of human beings labor with tools so crude and implements so antique that you are taken back to the cities of the ancient world.

These tremendous contrasts, to my mind, show the courage of the Japanese. He simply throws away the old device when he can secure the new. Like all good workmen, however, he does not stand idly by waiting for the better implements. He pounds away at his rice, runs off beautiful silken threads from the ancient spinning wheel, plies the hand dextrously at all occupations, as he did a thousand years ago, wholly oblivious of the hum and rattle of the modern machinery in the surrounding factories. He cannot afford to stop, but he is none the less awaiting his turn to secure the newer machine. When Japan is fully equipped with the latest machinery, it will, in my opinion, be the most potent industrial force in the markets of the world.

ROBERT P. PORTER.